Department of Justice

FOR IMMEDIATE RELEASE
WEDNESDAY, AUGUST 2, 1995

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JUSTICE DEPARTMENT SETTLES CHARGES AGAINST FTD, THE LEADING FLOWERS-BY-WIRE COMPANY, FOR VIOLATING 1990 CONSENT DECREE

WASHINGTON, D.C. -- The leading flowers-by-wire company, Florists' Transworld Delivery Inc., commonly known as FTD, agreed today to stop promoting an incentive program that steered florists away from using competing floral wire services after the Department of Justice charged that the anticompetitive program violated a 1990 consent decree.

The 1990 consent decree prohibited FTD from exploiting its position to induce florists to forgo membership in competing wire associations. The Department said that FTD Inc., a corporate successor to FTD, violated the consent decree by promoting its incentive program called "FTD Only."

The Department's Antitrust Division filed its petition today in U.S. District Court in Detroit against the three corporate successors to FTD--Florists' Transworld Delivery Inc., FTD Association and FTD Corporation.

Under the settlement agreed to by the parties, FTD Inc. will stop its practice of inducing member florists to use its floral wire service exclusively, and will not adopt any similar program in the future.

Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division, emphasized the importance of this action

--both in fixing this violation and in warning other defendants that are covered by antitrust consent decrees. "The Department expects all parties bound by court-ordered judgments to obey those judgments. We will act swiftly and surely to see that violations of existing judgements are promptly rectified," she said.

FTD, a Detroit-based, member owned, non-profit cooperative of retail florists, has been the leader in the flowers-by-wire industry since its founding in 1910. Its "Mercury Man" logo is recognized by consumers everywhere. FTD also developed and operated the Mercury Network, a one-of-a-kind computerized telecommunications system for the transmission of flowers-by-wire orders. FTD's clearinghouse service, which settles accounts among member florists that place and fill flowers-by-wire orders, competes with several other clearinghouses. However, all these clearinghouses use FTD's Mercury Network.

In 1956, the Department sued to block FTD's attempts to prevent its member florists from doing business with rival flowers-by-wire clearinghouses. The Department sued FTD again in 1969 for other anticompetitive conduct. Both suits were resolved through consent decrees entered by the U.S. District Court in Detroit.

In 1990, the court consolidated and modified the decrees. The 1990 modified final judgment specified that while FTD could compete aggressively for wire orders, it could not exploit its position to induce florists to forgo membership in competing wire associations. FTD continued to be prohibited from following any course of conduct "having the purpose or effect of restricting or limiting [its] membership to florists who were not members of any other wire association." The Department's petition charges that the three respondents violated that provision.

FTD was bought by the predecessor of FTD Corporation on December 19, 1994. This privately financed organization proceeded to split FTD into two pieces--FTD Inc., a for profit corporation, and FTD Association, a non-profit trade association. FTD Inc. took over FTD's businesses, including the Mercury Network and the clearinghouse, while retaining control over FTD Association's rules, regulations, and bylaws.

Today's action will settle The Department's charges that the three respondents' conduct violated the 1990 modified final judgment, and will assure present and future compliance with the judgment.

Bingaman said that the charges arose from an investigation by the Antitrust Division in Washington, D.C.

Although it is not required under federal law, the Division will seek the public's input in this case and will publish the proposed enforcement order in the Federal Register. Any person may submit written comments concerning the proposed order during a 60-day comment period to Christopher J. Kelly, Acting Chief, Civil Task Force I, Antitrust Division, U.S. Department of Justice, 325 7th Street, N.W., Room 400, Washington, D.C. 20530 (202/514-8348).

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